

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 13, 2013
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$1,750,000

The amount of allocation requested is supplemental to the \$24,250,000 of allocation the Project received on December 12, 2012.

Project Information:

Name: Park Village Apartments
Project Address: 708 West Corregidor Street
Project City, County, Zip Code: Compton, Los Angeles, 90220

Project Sponsor Information:

Name: TBD
Principals: Robert Emami and Jonathan Emami for the ROEM Development Corporation and Mark Wiese, Mat Eland and Molly Wiese for the Pacific Housing, Inc.
Property Management Company: FPI Management Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A.
TEFRA Hearing Date: October 23, 2012

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 162, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

Park Village Apartments is an existing 164 unit Section 8 multifamily rental development in Compton, California. The Project consists of 61 one- and two-story flat and townhome buildings. The property is a gated community with a separate building that serves as a community room and leasing office. The apartment buildings have a two-story garden walk-up design with parking lots in between.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
10% (17 units) restricted to 50% or less of area median income households.
90% (145 units) restricted to 60% or less of area median income households.
Unit Mix: 1, 2, 3 & 4 bedrooms

Service amenities include a after school programs and instructor led educational, health and wellness or skill building classes.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 33,649,824
Estimated Hard Costs per Unit: \$ 57,476 (\$9,311,072 /162 units)
Estimated per Unit Cost: \$ 207,715 (\$33,649,824 /162 units)
Allocation per Unit: \$ 10,802 (\$1,750,000 /162 units)
Allocation per Restricted Rental Unit: \$ 10,802 (\$1,750,000 /162 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 24,250,000	\$ 21,196,407
Developer Equity	\$ 2,250,000	\$ 785,338
LIH Tax Credit Equity	\$ 6,193,696	\$ 10,715,827
Other (Deferred Reserve and Lease-Up Income)	\$ 956,128	\$ 952,252
Total Sources	\$ 33,649,824	\$ 33,649,824

Uses of Funds:	
Acquisition/Land Purchase	\$ 16,300,000
Hard Construction Costs	\$ 9,311,072
Architect & Engineering Fees	\$ 250,000
Contractor Overhead & Profit	\$ 505,121
Developer Fee	\$ 2,500,000
Relocation	\$ 450,000
Cost of Issuance	\$ 181,875
Capitalized Interest	\$ 1,702,255
Other Soft Costs (Marketing, etc.)	\$ 2,449,501
Total Uses	\$ 33,649,824

Description of Financial Structure and Bond Issuance:

Citi Community Capital will provide a private placement of tax-exempt private activity bonds in the amount of \$26,000,000 that will serve as the construction loan. The construction loan term will be 18 months and will carry a variable interest rate based on SIFMA plus 250 basis points. The permanent loan will be at a fixed rate equal to the 17-year MMD plus 225 basis points. The permanent loan will have a 30-year term and 35-year amortization.

Analyst Comments:

Not Applicable

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Recommendation:

Staff recommends that the Committee approve \$1,750,000 in tax exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	5
Negative Points	-10	-10	0
Total Points	130	100	60

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.